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1989/08/16



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ACTION H-03

INFO LOG-00 ADS-00 SS-00 SSO-00 EAP-00 DS-01 7004 W ------160815Z /24

O 160657Z AUG 89 FM AMCONSUL HONG KONG TO SECSTATE WASHDC IMMEDIATE 0367 INFO AMCONSUL SHANGHAI

C O N F I D E N T I A L SECTION 01 OF 02 HONG KONG 11955

STATE-H PLEASE PASS SENATOR RUDMAN'S OFFICE

FOLLOWING TEL SENT ACTION HONG KONG AUG 16 REPEATED FOR YOUR ACTION/INFO. QUOTE

C O N F I D E N T I A L SECTION O1 OF 02 SHANGHAI 06586

FOR SENATOR WARREN RUDMAN

E.O. 12356: DECL: DADR

PREL, US, CH

SUBJECT: CODEL RUDMAN'S MEETINGS WITH SHANGHAI

OFFICIALS

SHANGHAI 6419 B) BEIJING 22622 BEIJING 22551 /

- CONFIDENTIAL ENTIRE TEXT.
- SUMMARY: SENATOR RUDMAN HELD CORDIAL MEETINGS WITH SENIOR SHANGHAI LEADERS DURING HIS WORKING VISIT HERE AUGUST 13-15. SENATOR EXPLAINED IN FRANK TERMS THE DEPTH OF AMERICA'S DISQUIET OVER EVENTS IN BEIJING THIS PAST JUNE AND THE VIRTUAL CERTAINTY OF CONGRESSIONAL ACTION TO IMPOSE SACTIONS CONFIDENTIAL CONFIDENTIAL

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SHOULD THE CHINESE GOVERNMENT BE PERCIEVED

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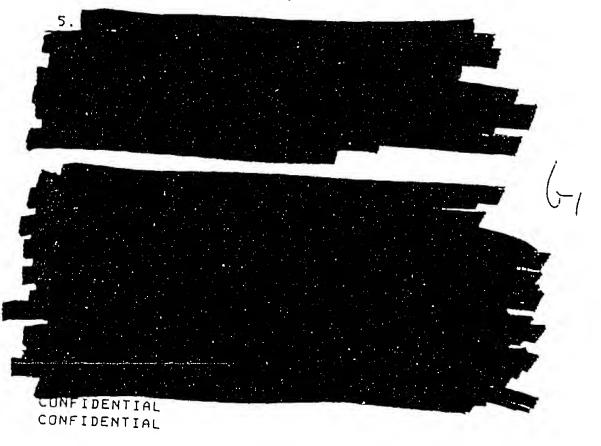
CONFIDENTIAL AS ESCALATING POLITICAL REPRISALS FOR MAY'S POLITICAL DEMONSTRATIONS. TO AN EXTRAORDINARY DEGREE, SEVERAL SHANGHAI OFFICIALS CHOSE NOT TO DEBATE THE ISSUE, ONE EXPRESSED "REGRET" FOR TIANAMEN. ALL STRESSED THE IMPORTANCE OF CONTINUED GOOD TIES WITH THE LI JIHAO, MUNICIPAL PEOPLE'S CONGRESS VICE CHAIRMAN, ARGUED THAT THE FAST GROWTH POLICY PUSHED BY ZHAO ZIYANG AND HU YAOBANG HAD LED TO ECONOMIC DISLOCATIONS, CORRUPTION, AND DISCONTENT. VICE MAYOR LIU ZHENYUAN AVOIDED POLITICS ALTOGETHER, FOCUSSING INSTEAD ON HIGH-TECH INDUSTRY AND OTHER ECONOMIC TOPICS. JUDGE THE SENATOR'S PRESENTATION MADE A STRONG IMPRESSION ON HIS SHANGHAI HOSTS, WHO CLEARLY FOUND IT BITTER MEDICINE TO SWALLOW. END SUMMARY.

- 3. SENATOR WARREN RUDMEN MET WITH SHANGHAI VICE MAYOR LIU SHENYUAN, MUNICIPAL PEOPLE'S CONGRESS VICE CHAIRMAN AND BUDGET EXPERT LI JIAHAO, AND CHAIRMAN OF SHANGHAI'S CHINESE INSTITUTE OF FOREIGN RELATIONS SHI QI DURING HIS AUGUST 13-15 VISIT TO SHANGHAI. HE ALSO ATTENDED A CONSULATE BRIEFING, SPOKE TO THE AMERICAN CHAMBER OF COMMERCE AND HELD A WORKING LUNCH WITH AMERICAN STUDIES EXPERTS FROM SHANGHAI INSTITUTES (SEPTEL).
- 4. SENATOR RUDMAN'S OFFICIAL MEETING WERE CORDIAL, BUT THE DISCUSSION OF THE ACTIONS OF BOTH THE CHINESE GOVERNMENT AND THE AMERICAN CONGRESS WERE OFTEN FRANK. THE CONFIDENTIAL

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SENATOR EXPLAINED THE BACKGROUND OF RECENT CONGRESSIONAL ACTIONS IN REGARD TO CHINA AND MADE VERY CLEAR HIS JUDGEMENT THAT STRINGENT ECONOMIC SANCTIONS WOULD BE VIRTUALLY INEVITABLE SHOULD THE CHINESE GOVERNMENT FURTHER REPRESS CHINESE STUDENTS. HE EDUCATED HIS INTERLOCUTORS ON AMERICAN VALUES, ON THE LINK BETWEEN THOSE VALUES AND THE POPULAR AMERICAN REACTION TO TIANAMEN AND SUBSEQUENT EVENTS, AND ON THE CLOSE

CONFIDENTIAL RELATIONSHIP BETWEEN THIS REACTION AND THE PROBABLE CONGRESSIONAL RESPONSE IN THE AREA OF FOREIGN POLICY.



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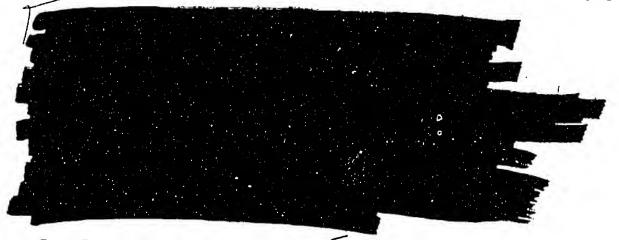
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D 160657Z AUG 89
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC IMMEDIATE 0368
INFO AMCONSUL SHANGHAI

C D N F I D E N T I A L SECTION 02 OF 02 HONG KONG 11955

STATE-H PLEASE PASS SENATOR RUDMAN'S OFFICE

C O N F I D E N 7 / A L SECTION 02 OF 02 SHANGHAI 06586



7. PRODDED BY THE SENATOR IN REGARD TO FUTURE TREAMENT OF STUDENTS AND OTHERS INVOLVED IN THE DEMONSTRATION,

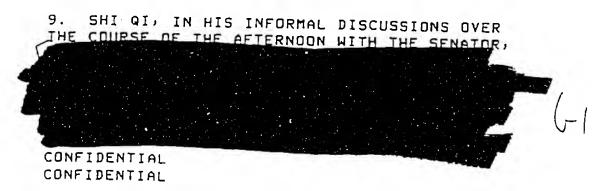
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VICE MAYOR LIU ZHENYUAN, A MICRO-ELECTRONICS EXPERT TURNED MUNICIPAL OFFICIAL, LISTENED INTENTLY TO THE SENATOR'S ARGUMENTS, BUT QUICKLY DIVERTED THE DISCUSSION INTO A LIVELY, FREE-WHEELING EXCHANGE ON THE RELATIVE MERITS OF CAPITALISM VERSUS CENTRAL PLANNING. AFTER AN ENTHUSIASTIC RECITATION OF HIS CONTACTS WITH AMERICAN HIGH-TECH EXPERTS, LIU TOLD A STORY EXPRESSING HIS CONTEMPT FOR SOVIET-STYLE ECONOMICS. LIU, WHO STUDIED IN THE SOVIET UNION FRPM 1956 TO 1960, BUT WHO HAS NEVER "FOUND THE TIME" TO PROPERLY REVISIT THE SOVIET UNION, RECALLED RECEIVING A CHEAP, POORLY-MADE PLASTIC MOMENTO OF A VISIT TO A SOVIET RESEARCH INSTITUTE ALMOST THIRTY YEARS AGO. HE SAID HE RECENTLY RECEIVED A MOMENTO FROM THE SAME INSTITUTE AND WAS SHOCKED TO FIND IT WAS A REMARKABLY SIMILAR PIECE OF JUNK. LIU SAID HE DISPLAYS THE TWO ITEMS AIDE BY SIDE AS TESTIMONY TO THE SOVIETS' FAILURE TO IMPROVE LIGHT INDUSTRY OVER THE PAST DECADES.



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10. PLEASE PASS TO SENATOR RUDMAN FOR CLEARANCE. WARDLAW UNQUOTE ANDERSON